



The United States Attorney's Office

## Southern District of Texas

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## News Release

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May 3, 2007

### **FORMER ANADARKO MANAGER INDICTED FOR EMBEZZLEMENT SCHEME**

(HOUSTON) – A former manager of an Anadarko Petroleum Corporation's Peruvian subsidiary has been indicted for defrauding his former employer of hundreds of thousands of dollars, United States Attorney Don DeGabrielle announced today.

Mario M. Garza, 53, of Houston, Texas, is charged in a 22-count indictment with wire fraud and for making false statements on income tax returns. The indictment was returned by a Houston grand jury under seal on April 30, 2007 and was unsealed after Garza surrendered to federal agents this morning. Garza has been ordered released upon posting a percentage of a \$50,000 bond into the registry of the court by U.S. Magistrate Judge Mary Milloy. A trial date of July 9, 2007, before United States District

Judge Melinda Harmon was announced by the court following Garza's plea of not guilty to the charges.

Counts 1 - 18 of the indictment, accuse Garza of wire fraud for devising a scheme to defraud his former employer, the Anadarko Petroleum Corporation, of more than \$800,000 between 1996 and 2003. In 1996, Garza was named the manager of Anadarko's project to explore for oil and gas in Peru. According to the indictment, Garza created fraudulent invoices in the names of two vendors for project-related services that in fact were not performed. Garza signed the invoices, which communicated that he, the project manager, authorized payment of the invoices, and submitted the invoices to Anadarko's headquarters in The Woodlands, Texas.

Anadarko issued checks to pay the invoices, and, according to the indictment, Garza deposited the checks into bank accounts purporting to belong to the vendors. Unbeknownst to Anadarko, however, Garza opened the accounts in the names of the two sham vendors, accessed funds from the checks, and used the funds to pay personal expenses, including an automobile loan, a health club membership, and credit card bills. The indictment alleges that Garza continued the scheme after Anadarko decided to shut down the exploration project in 1998. Anadarko terminated Garza's employment in April 2003.

Counts 19-22 of the indictment accuse Garza

of making false statements on his Form 1040 U.S. Individual Income Tax Returns for the tax years 2000 through 2003. The indictment alleges that Garza willfully subscribed to tax returns that did not include the income from his alleged scheme to embezzle money from Anadarko.

If convicted of any one of Counts 1 - 7, Garza faces a maximum of five years in prison and a \$250,000 fine. Each of the offenses alleged in Counts 8 - 18 carries a maximum sentence of 20 years in prison and a \$250,000 fine upon conviction. Each of the tax violations alleged in Counts 19 -22 carries a maximum statutory penalty of three years imprisonment and a \$100,000 fine.

This prosecution is the result of investigations conducted by the Houston field office of the U. S. Secret Service and by the Houston field office of the Criminal Investigation division of the Internal Revenue Service. The case is being prosecuted by Assistant U.S. Attorney Stephen Corso.

An indictment is a formal accusation of criminal conduct, not evidence. A defendant is presumed innocent unless and until convicted through due process of law.

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